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<p>19 DEC 1983</p> <p>To DCI - I agree with</p> <p>Dave's program if you do</p> <p>My</p>			
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5041-102		OPTIONAL FORM 41 (Rev. 7-76)	
* GPO : 1981 O - 341-529 (120)		Prescribed by GSA FPMR (41 CFR) 101-11.206	



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SECRET16 DEC 1983 DDI- 8851-83

MEMORANDUM FOR: Director of Central Intelligence
 Deputy Director of Central Intelligence

VIA : Deputy Director for Intelligence

FROM : [redacted] 25X1

Acting Director of Global Issues

SUBJECT : Industry Analysis of the World Arms Market

1. Action: Approve the following recommendation.

2. Background: The [redacted] report is outstanding. At this point in time it is well ahead of anything we could do. Our most recent paper on the Third World arms exporters is basically our state-of-the-art. It examines Third World arms production and potential over the next few years. The [redacted] report, by contrast, provides a framework for thinking about the future of the Third World arms industry into the next century. 25X1

3. Rather than fusing the [redacted] report with what we have on the shelf, I believe a different tack is called for. I would propose a three step process. 25X1

First: We should commence a series of articles looking at the role and political influence of the military in Third World countries; this is part of the political security dynamics the [redacted] report points out. 25X1

Second: We should expand the focus of a number of reports now scheduled in the OGI research plan. Specifically, the papers on Third World purchases of air, naval and ground weapons systems should be structured to include the interplay between Third World and industrial country arms industries.

Third: With these steps completed, a far reaching assessment should be prepared. In doing it, our analysts should actively engage key people at [redacted] 25X1

4. If you agree with this line of march, we will implement it. Attached is a draft outline of what the country articles on the Third World military might touch on. Also attached is a copy 25X1 of the recent report we did on the Third World Arms Industry.

Attachments: As stated

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SUBJECT: Industry Analysis of the World Arms Market

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LDC: Impact of Recent Economic Difficulties¹

I. Past Role and Status of Military

- A. Role in external defense and internal security.
- B. Role in political process.
- C. Role in civilian government and decisionmaking; ability to secure resources, both domestic and foreign exchange.
- D. Status in society and links to business/government/social elites.

II. Economic and Political Backdrop

- A. Extent of economic decline and adjustment process.
- B. Other key political developments affecting country/military.

III. Impact on Military

This section should address the specific impact of economic decline on the LDC's military.

- A. What has been affected? What has been untouched?
- B. Is the military relatively better or worse off than the rest of society?
- C. Has military spending become an issue in discussions with the IMF, the IBRD, and bilateral aid donors?
- D. What impact, if any, has foreign military assistance such as US FMS or sales by the LDC itself had on the situation?
- E. How have C and D affected the status and plans for indigenous arms industries?
- F. How has military role and status been affected? Be sure to include how noneconomic changes are affecting the military.

IV. Outlook

- A. How well is military prepared to deal with internal as well as external security threats?
- B. How is the military's domestic political role changing?

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V. Implications for the United States

- A. How differently will the government deal with the US on security and assistance matters?
- B. Any impact on US aid requests?
- C. Any impact on ability to help/hurt the US?

Possible charts and graphs:

Share of military in budget over time.

Share of military in GDP (or GNP) over time.

Chart of political leaders and relationship to military.

Weapons systems canceled.

Weapons systems continued.

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